

Message Text

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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FM USDEL SECRETARY IN PARIS

TO AMEMBASSY TEHRAN IMMEDIATE

INFO SECSTATE WASHDC IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY CAIRO IMMEDIATE

S E C R E T SECTION 01 OF 02 SECTO 02016

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FOR AMBASSADOR HELMS FROM SECRETARY

E.O. 11652: GDS

TAGS: EG, IR, EGEN, EFIN

SUBJ: US-SAUDI-IRANIAN AID TO EGYPT

1. WE HAVE REACHED A POINT IN PREPARATIONS FOR PRESIDENT'S MEETING WITH PRESIDENT SADAT WHERE IT IS IMPORTANT TO HAVE FIRM IRANIAN COMMITMENT TO PARTICIPATE IN US-SAUDI-IRANIAN COLLABORATION WITH EGYPT TO MEET EGYPT'S PRESENT FOREIGN EXCHANGE SHORTAGE AND TO MATCH US AND SAUDI PARTICIPATION ON ORDER OF \$250 MILLION EACH.

2. YOU SHOULD SEE ANSARY AND SHAH AT EARLIEST OPPORTUNITY AND MAKE FOLLOWING POINTS:

A. AS PRESIDENT FORD'S JUNE 1-2 MEETING WITH PRESIDENT SADAT NEARS, SECRETARY KISSINGER FEELS IT IS HELPFUL TO REPORT TO HIM AND MINISTER ANSARY ON THE STATUS OF OUR LATEST CONSULTATIONS TO DEVELOP COLLABORATIVE EFFORT TO HELP MEET EGYPT'S CY 1975 ECONOMIC NEEDS.

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B. FOLLOWING ROBINSON'S TALK WITH MINISTER
ANSARY IN TEHRAN, THE UNDER SECRETARY HAS
VISITED CAIRO TWICE AND HAS BEEN TO SAUDI
ARABIA TO TALK WITH SAUDIS.

C. AS RESULT OF THESE CONSULTATIONS, WE
BELIEVE EGYPT NEEDS \$800-900 MILLION IN FOREIGN
EXCHANGE ASSISTANCE IN CY 1975. EGYPTIANS
WOULD LIKE MORE, BUT WE HAVE DISCUSSED WAYS OF
REDUCING REQUIREMENTS TO THAT LEVEL.

D. OUR OBJECTIVE, THEREFORE, IS TO HARMONIZE
PROGRAMS OF NATIONS MOST INCLINED TO ASSIST SO
AS TO DEVELOP MULTILATERAL PACKAGE OF THAT
MAGNITUDE. SPECIFICALLY, WE HAVE DISCUSSED WITH
SAUDIS EFFORT IN WHICH THREE PRINCIPAL DONORS
WOULD JOIN IN MATCHING EACH OTHER IN PROVIDING
\$250 MILLION EACH. SAUDIS HAVE AGREED IN PRIN-
CIPLE, AND PRESIDENT IS PREPARED TO RECOMMEND
TO CONGRESS US PARTICIPATION AT THAT LEVEL.

E. RECALLING IMPORTANCE ANSARY ATTACHED TO
FOLLOWING POINTS, SECRETARY WANTS TO STRESS
THAT: (1) EGYPTIAN GOVERNMENT HAS ALREADY
BEGUN DISCUSSION WITH WORLD BANK MISSION IN
CAIRO OF PROGRAM FOR IMPROVING MANAGEMENT OF
ITS FOREIGN EXCHANGE. MC NAMARA HAS AGREED THAT
BANK WILL PLAY ADVISORY ROLE AS REQUESTED BY
EGYPTIANS. (2) US AND SAUDIS ARE AGREED ON

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S E C R E T SECTION 02 OF 02 SECTO 02016

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IMPORTANCE OF SEEKING EGYPTIAN UNDERSTANDING TO
AVOID INDIRECT OR DIRECT REPAYMENT OF EGYPT'S
MILITARY DEBTS OR NET REPAYMENT OF CIVIL DEBTS
TO MAJOR CREDITORS WITH THE ADDITIONAL AID
FUNDS PROVIDED. (3) SAUDIS ARE PREPARED TO
MAINTAIN POSTURE WITH EGYPT THAT THREE DONORS
WOULD COOPERATE ON BASIS OF MATCHING EFFORT.

F. WE BELIEVE THERE ARE BROADER POLITICAL
REASONS FOR COOPERATIVE EFFORT INVOLVING IRAN,
SAUDI ARABIA, US AND EGYPT AS NUCLEUS.
HOWEVER, WE WOULD ALSO ANTICIPATE INVOLVEMENT OF
SOME EUROPEANS - GERMANS HAVE ALREADY APPROACHED
US - JAPANESE, KUWAITIS AND SOME OTHER GULF
STATES. JAPANESE HAVE FORMALLY AGREED.

G. ALTHOUGH EACH DONOR WILL BE DEALING BI-
LATERALLY WITH EGYPT, IT WOULD BE USEFUL THAT PRESI-
DENT FORD BE ABLE TO SPEAK WITH PRESIDENT SADAT
ON JUNE 1-2 ON BASIS THAT US, SAUDI, AND IRANIAN
COMMITMENTS IN PRINCIPLE ARE FIRM. AS HIM AND ANSARY
KNOW, ABILITY OF EGYPT'S FRIENDS TO PROVIDE NON-
SOVIET BASE OF SUPPORT WILL PLAY IMPORTANT ROLE IN
SUSTAINING FUNDAMENTAL REORIENTATION OF EGYPT'S POLICIES
AWAY FROM EXCESSIVE DEPENDENCE ON USSR. SECRETARY
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AND PRESIDENT WOULD, THEREFORE, BE GRATEFUL FOR
CONFIRMATION THAT THEY CORRECTLY UNDERSTAND HIM'S
EXPRESSED INTENTION IN WASHINGTON THAT HE WOULD AGREE
IN PRINCIPLE TO PARTICIPATE. WE WOULD OF COURSE
WELCOME IT IF HIM COULD FIND IT POSSIBLE TO MATCH OUR
PLANNED CONTRIBUTION OF \$250 MILLION.

3. YOU SHOULD FIND OPPORTUNITY TO EXPLAIN THAT
PRECISE PLAN FOR US PARTICIPATION MUST BE HELD IN
CONFIDENCE FOR PRESENT BECAUSE OF NEED FOR CONGRESSIONAL
CONSULTATION AND FORMAL ADMINISTRATION RECOMMENDATION
OF FYL976 AID LEVEL TO CONGRESS.
KISSINGER.

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